

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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ATTN MR. LANDE

EO11652 NA

TAGS: EFIN

SUBJ: OPIC INVESTMENT PROMOTION

REF: AMBASSADOR'S AID MEMOIRE FOR P.N.DHAR DATED MARCH 23, 1973

1. OPIC IS CONSIDERING IMMEDIATE DECISION TO CONTRACT WITH CONSULTANT RICHARD MORSE TO UNDERTAKE ONE MONTH ASSIGNMENT IN INDIA FOR THE PURPOSE OF COLLABORATING WITH INDIAN INDUSTRIAL DEVELOPMENT AUTHORITIES IN IDENTIFYING, MAKING PRE-FEASIBILITY ANALYSIS AND PRE-CLEARING SIX PROMISING INDUSTRIAL INVESTMENT OPPORTUNITIES FOR OPIC PROMOTION. CONTRACTOR WOULD WORK WITH INDIAN INVESTMENT CENTER IN NEW YORK AND IN INDIA, MINISTRY OF INDUSTRIAL DEVELOPMENT AND ITS SPECIALISTS INCLUDING SECRETARIAT FOR INDUSTRIAL APPROVALS, INDUSTRIAL DEVELOPMENT BANK, STATE DEVELOPMENT CORPORATIONS, INDUSTRY ASSOCIATIONS AND PROSPECTIVE JOINT VENTURE PARTNERS IN DETERMINING PROMISING OPPORTUNITIES AND POTENTIAL JOINT VENTURES. HE WOULD CONCENTRATE EFFORTS IN NEW DELHI, BOMBAY AND PROBABLY MADRAS.

2. CRITICAL FEATURE OF THIS PROPOSED PROJECT-FINDING SURVEY WOULD
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BE THR PRE-CLEARANCE OF PROJECTS WITH THE PRINCIPAL GOI OFFICES

CONTROLLING APPROVALS OF FOREIGN INVESTMENT. WITHOUT REASONABLE ASSURANCE THAT U.S. INVESTORS WOULD BE WELCOMED IN THE IDENTIFIED PROJECTS, IT WOULD BE IMPOSSIBLE FOR OPIC AND NEW YORK INDIAN INVESTMENT CENTER TO CONVINCE POTENTIAL U.S. INVESTORS TO RISK MANAGEMENT TIME IN THE HERETOFORE INTERMINABLE PROCESS OF SEEKING GOI APPROVAL. MORSE, WHO VISITED INDIA RECENTLY, AND SERVED THERE IN THE PAST ON STANFORD RESEARCH INSTITUTE AND FORD FOUNDATION ASSIGNMENTS, BELIEVES NEW SECRETARIAT FOR INDUSTRIAL APPROVALS IS NOW PREPARED TO OBTAIN PROMPT CLEARANCES FOR DESIRABLE FOREIGN INVESTMENT. DISCUSSIONS IN WASHINGTON WEEK OF APRIL 22 WITH GUHAN OF INDUSTRY MINISTRY AND WITH TELANG OF INVESTMENT CENTER ENCOURAGED THIS OPTIMISM.

3. COPY OF CONTRACT PROPOSAL WAS GIVEN TO GUHAN WHO WAS TO DISCUSS IT WITH TELANG BEFORE RETURNING TO NEW DELHI THIS WEEKEND. GUHAN INTENDED TO CHECK WITH COLLEAGUES CONCERNED WITH PARTICULAR TENTATIVELY IDENTIFIED INDUSTRY SUB-SECTORS AND INFORM LANDE WHETHER PROPOSED MORSE APPROACH IS FEASIBLE.

4. NEW OPIC LEGISLATION DIRECTS INCREASED INITIATIVE BY OPIC IN FINDING AND BROKERING INVESTMENT PROJECT OPPORTUNITIES WITH PREFERENTIAL CONSIDERATION TO LEAST-DEVELOPED COUNTRIES AND TO SMALLER U.S. INVESTORS. MORSE WOULD FOCUS PROJECT FINDING ON SUCH OPPORTUNITIES REQUIRING U.S. TECHNOLOGY AND CAPITAL REQUIREMENTS WITHIN CAPACITY OF SMALLER U.S. COMPANIES, PARTICULARLY SPECIALTY PLANTS PROVIDING TOOLS AND PARTS FOR CAPITAL EQUIPMENT OF LARGER ENTERPRISES

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OPIC WOULD WORK WITH INVESTMENT CENTER IN FINDING POTENTIAL INVESTORS ,
INCLUDING PROVIDING PARTIAL OPIC FINANCING FOR THEIR FEASIBILITY STUDIES. IF INITIAL RESULTS ARE SUCCESSFUL, THIS FORMAT WOULD BE REPEATED IN INDIA AND ELSEWHERE.

5. REQUEST EMBASSY CONTACT GUHAN, OBTAIN HIS VIEWS SHORTLY AFTER RETURN TO NEW DELHI, AND PROVIDE EMBASSY RECOMMENDATION ASAP AS TO WHETHER OPIC SHOULD PROCEED WITH THIS CONTRACT.
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